

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



## Disabled and Elderly Health Programs Group

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Dear State Health Official:

This letter is to inform you of a process that CMS has established for you to attest that your program meets the requirements to be considered a qualified SPAP under the Medicare Modernization Act. As a qualified SPAP, your program will be eligible for several benefits. If your program was awarded transitional grant funds by CMS for purposes of educating your members about prescription drug coverage under Part D, it can continue to receive them as a qualified SPAP. A qualified SPAP will be permitted to use CMS' middleware tool for the purpose of applying for the low-income subsidy (LIS) via the Social Security Administration's on-line enrollment form. In addition, any payments that your program makes on behalf of Part D eligibles for covered Part D drugs will count toward their true out-of-pocket (TrOOP) costs, helping them meet the catastrophic spending limit more quickly. As a qualified SPAP, you will be permitted to participate in a rich data exchange with CMS to obtain information on the Part D eligibility and enrollment status on your program members, including LIS information and Part D plan enrollment data, beginning in the fall of 2005. Finally, a qualified SPAP will continue to be exempt from manufacturers' "best price" calculation for the Medicaid program, to the extent that it otherwise meets the criteria for best price exemption.

For more information on the best price criteria, see our release # 68 to drug manufacturers participating in the Medicaid drug rebate program, dated April 1, 2005 (<http://www.cms.hhs.gov/medicaid/drugs/drug2.asp>). To confirm whether CMS has reviewed your program in the context of the best price criteria, please see our website at <http://www.cms.hhs.gov/medicaid/drugs/spapbestprlst.pdf>.

CMS has created a Qualified SPAP Checklist (enclosed) that should be submitted to CMS to advise us of your intentions with regard to Medicare Part D. If you choose not to use the enclosed form, you may supply the same information to us in a letter. If you want to be considered a qualified SPAP, please include, at a minimum, a statement that your program meets each of the requirements listed in the attached form. **We ask that you return the checklist to us as soon as possible, but not later than September 2, 2005.** The purpose of this deadline is so we can work with those programs that choose to become qualified SPAPs and so we can configure our data systems to count your payments toward TrOOP.

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We appreciate your partnership with us as we prepare to implement the prescription drug benefit under Medicare Part D. If you have any questions or concerns regarding our requirements or your attestation in regard to those requirements, please contact Deirdre Duzor, Director of CMSO's Division of Pharmacy, at (410) 786-4626.

Sincerely,  
Gale P. Arden  
Director

Enclosure

# Qualified SPAP Checklist

**State:** \_\_\_\_\_

**Program Name:** \_\_\_\_\_

The purpose of this checklist is to provide a uniform method for a State Pharmaceutical Assistance Program (SPAP) to attest to the Centers for Medicare & Medicaid Services (CMS) that it satisfies the requirements to be considered a qualified SPAP under the Medicare Part D prescription drug benefit (Part D). This checklist should be submitted on an annual basis and will be reviewed by CMS within two weeks of receipt. CMS will maintain an updated list of qualified SPAPs on its website at [www.cms.hhs.gov](http://www.cms.hhs.gov).

The above-named program adheres to the following requirements:

- The program provides financial assistance for the purchase or provision of supplemental prescription drug coverage or benefits on behalf of Part D eligible individuals.
- The program, in determining eligibility and the amount of assistance to Part D eligible individuals under the program, provides assistance to such individuals in all available Part D plans and does not discriminate based upon the Part D plan in which the individual is enrolled as clarified in our COB guidelines dated July 1, 2005.
- The program coordinates coverage with the Part D program.
- The program will not change or affect the primary payer status of a Part D plan.
- The program provides supplemental drug coverage to individuals based on financial need, age, or medical condition, and not based on current or former employment status.
- The program does not receive any Federal funding (Federal grants, awards, contracts, entitlement programs, etc.).

**State Official:** \_\_\_\_\_

Name	Signature	Date
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Return to: Marge Watchorn/Centers for Medicare & Medicaid Services/7500 Security Boulevard/Mail Stop S2-14-26/Baltimore, MD/21244-1850

*Version August 3, 2005*